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Report of the Ad Hoc Advisory Group on Guinea-Bissau

Summary

In response to Economic and Social Council resolution 2006/11, by which the Council extended the mandate of the Ad Hoc Advisory Group on Guinea-Bissau, the present report provides an overview of current developments in the country, including the overall economic and social situation. It also describes the highlights of the work of the Group since its last report (E/2006/8), the current status of international donor support for the country, and provides the short-term priorities and medium-term perspective on the country from the point of view of the Group. It makes some general conclusions and recommendations, including that Guinea-Bissau should continue to receive sustained attention from the international community. The Group encourages the Government of Guinea-Bissau to strengthen its commitment to economic reforms and urges donors and other partners to support the country's economic recovery and reconstruction.

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I. Introduction

1. In its resolution 2006/11, the Economic and Social Council decided to extend the mandate of the Ad Hoc Advisory Group on Guinea-Bissau until its substantive session of 2007. The present report describes the situation in Guinea-Bissau and provides highlights of the work of the Group over the last year. The report also describes international donor support to Guinea-Bissau and draws conclusions and recommendations from the Group's unique perspective on how the international community can continue to provide support.

2. Since the last report of the Advisory Group to the Council (E/2006/8), economic recovery and reconstruction continue to be undermined by political instability. The country has been affected by tensions among the major political parties. The return of former President Kumba Yala from exile to retake the leadership of the Party for Social Renewal and the withdrawal of his support for the Government, along with the breakdown of the Fórum de Convergência para o Desenvolvimento, from which the members of the new Government of November 2005 had been drawn, led to a marked increase of tensions. The killing of the former Navy Chief of Staff, Lamine Sanha, a key figure from the country's civil war, and the attempted arrest of Carlos Gomes Junior, the former Prime Minister, in January 2007, added to an atmosphere of uncertainty and crisis.

3. A new crisis erupted on 19 March 2007 when a new coalition of parties within the Parliament passed a motion of no-confidence against Aristides Gomes, the Prime Minister, who had been in office since November 2005. On 29 March 2007, after the consideration of the report of the Secretary-General to the Security Council (S/2007/158), a press statement was issued by the Council urging the parties to resolve their differences through dialogue and strict respect for the constitutional framework. After three weeks of political uncertainty, on 11 April 2007, Martinho Dafa Cabi, a vice-president of the former ruling African Party for the Independence of Guinea-Bissau and Cape Verde, was appointed by President Viera as the new Prime Minister. This was followed on 17 April 2007 by the appointment of the other members of the Government. The Group is also hopeful that this new start will be used by all national stakeholders as an opportunity to achieve political and institutional stability.

4. A new issue of concern to the Advisory Group is a marked increase in drug trafficking. The Government has reported major drug seizures over the past year and the recently installed new Government has identified the control of drug trafficking as one of its priorities. Fears are being expressed that the increasing use of Guinea-Bissau as a transit point for drugs could further weaken the State and increase control of state institutions by criminal gangs. The Government's inability to control the country's borders has facilitated the use of its territory as a transit point. The Government clearly does not have the physical capacity or resources to mount an effective campaign against organized crime. The Group encourages the United Nations Office on Drugs and Crime, which has already undertaken two missions, the most recent of which was in early March 2007, to work closely with the Government in addressing this alarming problem. The Group also welcomes the decision of the United Nations Development Programme (UNDP) to provide funds to put in place a senior technical expert on drugs and organized crime who could provide advice to the Government, but also calls on the international community to support the State in confronting this new challenge.

5. The Advisory Group is pleased to report that a new group has been launched to mobilize support for Guinea-Bissau. The International Contact Group on Guinea-Bissau was launched on 20 September 2006 and held its first meeting on the margins of the opening of the sixty-first session of the General Assembly. The Contact Group has since visited Guinea-Bissau and held a second meeting in Lisbon on 26 March 2007. The objective of the Contact Group is to mobilize international political, socio-economic, security sector reform and diplomatic support. The members of the Contact Group include Angola, Brazil, Cape Verde, France, Ghana, Niger, Portugal, Senegal, Spain, the Community of Portuguese-Speaking States, the Economic Community of West African States (ECOWAS), the European Union and the West African Monetary Union.

6. The overall assessment of the Advisory Group is that Guinea-Bissau continues to experience "growing pains" in consolidating gains in its post-conflict transition and needs the full engagement of both the regional and international communities. Recent developments point to the likelihood that political and institutional instability will continue in the near term. However, the Group is convinced that the country's prospects for stability are improving, as evidenced by the fact that all parties in Guinea-Bissau have used legal and constitutional means to address their concerns. It is also noteworthy that demonstrations have not led to widespread violence and that military intervention was avoided. The Group also notes the reappointment of the former Minister of the Economy as the new Minister of Finance, which should serve to reassure the donor community of the Government's intention to continue the economic reforms required to secure an International Monetary Fund (IMF) emergency post-conflict assistance programme. The Group would like to draw the attention of the Council to the fact that the continuing inability of the Government to finance the minimum functioning of the State will continue to generate insecurity and instability in the country.

II. Economic and social situation

7. Since its last report, the Advisory Group notes that the economic and social situation in the country has continued to deteriorate. Estimates from IMF show that, in 2006, economic growth declined to approximately 1.8 per cent, compared to 3.5 per cent in 2005. This rate of growth compares to 5.7 per cent for Africa as a whole in 2006 and 5.2 per cent for sub-Saharan Africa.[1]

8. The recent pace of economic growth has not been sufficient to slow the deterioration of living conditions in the country, taking into account the estimated demographic growth rate ranges of between 2 and 3 per cent. Guinea-Bissau, like the majority of African countries, appears unlikely to increase and sustain the growth rate of 7 to 8 per cent that would be required in order to achieve the Millennium Development Goals by 2015.

9. The cause of slowing economic growth was attributed by IMF to deteriorating terms of trade resulting from a dramatic rise in oil prices and a significant drop in the export of cashew nuts. That drop is attributable to lower world prices and changes in the internal marketing arrangements for the product. Cashew nuts are the country's largest export product and responsible for around 30 per cent of its gross

[1] http://www.uneca.org/era2007.

domestic product (GDP). The increase in the reference price for cashews from 150 CFA francs (0.50 United States dollars ($)) to 350 CFA francs ($0.70) set by Government producers for calculating taxes on cashew exports, combined with lower world prices, led to a drop-off in the amount of cashew nuts purchased by international traders. The Food and Agriculture Organization of the United Nations (FAO) estimates that it is likely that only 60 per cent of the crop was exported during the reporting period.

10. Since the Group's creation, the Government has continued to struggle to pay civil service salaries and accumulated arrears. For the period covered by the present report, the Government has been unable to generate adequate revenues owing to lower-than-expected taxes on cashew exports and fees from fishing licenses. This is partly a result of weak enforcement of illegal fishing in its 500-kilometre-long coast of territorial waters. The negotiation over a new five-year agreement between Guinea-Bissau and the European Union on the granting of fishing rights in its territorial waters in return for annual financial compensation has been stalled owing to disagreements on compensation package. The delay in reaching an agreement has had a significant impact on the Government's revenue stream, as the annual compensation for 2007 ($9 million) has not been paid. This has resulted in a financing gap for 2007, which is larger than that which had been presented to donors at the round-table conference held in November 2006. Fees from fishing licenses account for 45 per cent of the Government's total revenues.

11. A number of strikes by trade unions and military veterans have affected the public sector throughout the past year. The demands by teachers related to contracts, salaries, payment of arrears and related subsidies led to a delay in the start of the 2006-2007 school year by two months, a continuation of the trend the Group has observed since the beginning of its mandate. The lack of salaries, combined with the crisis in the cashew market,[2] has had a negative impact on food security. The World Food Programme (WFP) and the United Nations Children's Fund (UNICEF) have noted the deterioration in the nutritional situation of the country, especially among children under five. Malnutrition in the country now exceeds the World Health Organization (WHO) "emergency threshold".

12. The Government has responded as it has in the past to funding salaries and arrears through short-term loans at commercial rates from banks in neighbouring countries and by issuing treasury bonds to pay salaries and arrears up to the period ending December 2006 in an attempt to alleviate social pressures. However, this temporary solution is not sustainable and adds to the Government's debt burden. At the time of writing of the present report, salaries and arrears had not been paid since January 2007. The Government has also sought to improve the situation by lowering import taxes for basic food items to reduce the price for consumers. Reports from civil society organizations seem to suggest that this strategy has not been successful. Indeed, prices have not fallen and the perverse effect has been to reduce State revenue further, compromising the ability of the Government to meet its wage bill.

13. On the expenditure side, IMF reports that while the country's wage bill was lower in 2006 than in 2005, non-wage expenditures were higher than programmed levels. The Treasury Committee, which manages expenditure on behalf of the

[2] Approximately 85 per cent of the population relies on growing cashew nuts for at least part of their income.

Ministry of Finance, did not play its supervisory role in the latter part of 2006. The Government of Guinea-Bissau has agreed with IMF to undertake a number of measures aimed at increasing revenues while restraining expenditure, including limiting Government intervention in the local marketing of cashews, lowering the reference price for calculating cashew export taxes, limiting discretionary spending and strengthening the functioning of the Treasury Committee. The Advisory Group strongly recommends that the new Government move quickly to restore the role of the Treasury Committee in relation to government finances, as recommended in the World Bank and IMF action plan. The action taken by the new Government in relation to setting a new price for cashew nuts could also help to improve the macroeconomic situation in 2007.

III. International donor support to Guinea-Bissau

14. As the Advisory Group has noted in previous reports, international donor support continues to remain critical in helping the Government of Guinea-Bissau to meet its short-term priorities, that is, the payment of salaries, including arrears, and implementing its longer-term goals of economic recovery and reconstruction as it tries to consolidates peace. In this connection, the Group is pleased that the donor round-table conference, which had been postponed on several occasions, was finally held in Geneva, on 7 and 8 November 2006.

15. With regards to security and development, the Government of Guinea-Bissau presented its poverty reduction strategy paper, its security sector reform plan and its 2006 and 2007 draft budget, which, combined, totalled for $538 million. The priorities, as outlined by the Government in its poverty reduction strategy paper, are, namely, (a) strengthening governance, modernizing public administration and enhancing macroeconomic stability; (b) promoting economic growth and job creation; (c) improving access to basic social services; and (d) improving living conditions for vulnerable groups.

16. The security sector reform plan is based on the following strategies: (a) resizing the defence and security sector to bring it in line with the country's needs and economic capacities; (b) modernizing the sector in line with its role; (c) clarifying the status of former national freedom fighters; (d) strengthening the participation of the sector in consolidating subregional security; (e) building capacities and enhancing efficiency in the justice sector; (f) mobilizing national and international resources for investment in the sector; and (g) involving civil society in the implementation of reform in the sector.

17. While the Advisory Group welcomes the contributions pledged by donors at the round-table conference, it is worthwhile to note that the commitments mobilized fell short of the Government's goal of $538 million. Donors contributed a total of $262.5 million (or 48 per cent of the funds requested, including $233.1 million to support the implementation of the poverty reduction strategy papers) and $29.5 million for budgetary support for 2006 and 2007. No pledges were made with respect to the security sector reform plan. The bulk of contributions for implementation of the poverty reduction strategy papers came from the European Commission, which pledged $118.5 million, or 50 per cent of the total amount received, most of which will be available in 2008. Brazil was the next largest contributor, with $27.6 million, followed by Spain ($18.75 million), Portugal

($17.0 million), the World Bank ($16.5 million), the African Development Bank ($14.5 million), the West African Monetary Union ($15.5 million) and the Central Bank of West African States ($10.25 million). The Group was particularly pleased that a number of new donors also pledged budgetary support, including Japan ($5 million), Morocco ($.25 million), South Africa ($1.9 million) and Spain ($2 million).

18. Despite the pledges made at the conference, Guinea-Bissau has been unable to clear its fiscal gap for 2007. So far, only approximately 18 per cent of the pledges have been disbursed for budgetary support. Pledges delivered so far include the following: France ($0.6 million); Portugal ($1 million); and Spain ($2 million). The West African Monetary Union disbursed $2 million out of a $6 million pledge for budget support in 2006 and 2007; the Economic Community of West African States released $3.5 million out of a total pledge of $7.5 million. So far, no pledges have been disbursed for the implementation of the poverty reduction strategy papers and no additional pledges have been made for the security sector reform. As a result, Guinea-Bissau was unable to secure a commitment from IMF to submit a programme to its Executive Board for emergency post-conflict assistance. Such a programme, which would require first that the fiscal deficit for 2007 be cleared, would lead to the establishment of a poverty reduction growth facility with IMF and, if successfully completed, to a completion point and full debt relief under the enhanced Heavily Indebted Poor Countries Debt Initiative.

19. One of the key factors affecting the disbursement of pledges was the decision taken by the World Bank in December 2006 not to proceed with budget support and a World Bank-financed multi-sector infrastructure rehabilitation project, which was approved in June 2006. The World Bank's decision was taken when it became aware that the Government had signed a joint venture and power purchase agreements in June 2006 with a foreign energy company that was inconsistent with the Government's sector policy letter. That letter had served as a basis for the re-engagement of donors in the energy sector. Following an intensive dialogue with donors and the Bank, the Government of Guinea-Bissau decided in January 2007 to terminate both agreements in order to proceed with the signing of the multi-sector infrastructure rehabilitation project financing agreement and to provide evidence of this to the World Bank. In the light of the urgent power needs and the crisis in the country's energy sector, the Bank sent a mission to Guinea-Bissau to discuss options for rapidly providing financing to the electricity sector once the governance issue was resolved. Following the nomination of the new Government, the Bank is planning to send a mission to Guinea-Bissau in early May 2007 with a view to rapidly re-engaging in policy dialogue. Given the country's critical financing needs, the Group urges the Government to demonstrate its commitment to transparent and sound public expenditure management and to implement, with the World Bank and other donors, the recommendations of the country's integrated financial management and procurement assessment and the public expenditure review discussed with the Government, for which an action plan has been jointly prepared.

20. Based on the position of the World Bank and the lack of firm assurances from donors that the financing gap for 2007 would be covered, IMF decided to postpone its mission to Guinea-Bissau. Other partners have also suspended disbursements pending a successful conclusion of the IMF mission. IMF will now visit Guinea-Bissau in May 2007 to hold annual article IV consultations and discuss the emergency post-conflict assistance programme. The Group welcomes the

willingness of the World Bank and IMF to re-engage with Guinea-Bissau and strongly urges both the Government and the Bank to work towards finalizing issues related to the multi-sector infrastructure rehabilitation project so that the process of re-engagement with the donor community can resume and pledges can be disbursed.

21. Another key factor affecting the disbursement of pledges was the difficult political climate in the country shortly after the conclusion of the donor round-table conference. The disagreements within the ruling coalition and the other events that took place in the period leading up to the resignation of the previous President and the installation of the new President contributed to delays in re-starting policy dialogue with the World Bank, IMF and other donors, with subsequent delays in disbursements.

22. The Advisory Group has consistently urged an expansion of its partnership with Guinea-Bissau. For this reason, the Group had invited representatives of non-traditional donors to one of its meetings leading up to the donor round-table conference. In addition to the pledges made by the new donors identified above, the Government of China signed a technical cooperation agreement with Guinea-Bissau during the visit of the Chinese Minister for Foreign Affairs to the country on 3 and 4 January. In addition to the $8 million agreed to in 2006 for the construction of a Government secretariat, the Chinese Government has also agreed to provide $4 million for infrastructure projects and has indicated an interest in boosting its cooperation in agriculture. The Export-Import Bank of India has also extended a line of credit of $25 million to the Government of Guinea-Bissau.[3] The line of credit, extended under the Indian Techno-Economic Approach for Africa-India Movement (team-9) initiative, would finance India's exports to Guinea-Bissau for the execution of projects in electricity, food processing and agriculture.

23. The United Nations system, for its part, continues to provide support to Guinea-Bissau. In the area of food security, WFP, FAO and the Government have supported food-for-work schemes to rehabilitate rice fields to compensate for the loss of rice cultivation in 2005 and for the loss of income arising from lower cashew prices and sales in 2006. Relief agencies, including WFP, provided over 1,000 tons of food aid in 2006.

24. In the area of education, UNICEF developed a special programme to reintegrate children and teachers in schools affected by the military conflict in the north of Guinea-Bissau earlier in 2006. UNDP, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and UNICEF are also supporting the development of a national education plan, which was started in November 2006.

25. In the area of health, UNICEF, WHO and national and international non-governmental organizations launched a joint effort with the Ministry of Health in November 2006 to organize a country-wide distribution of treated mosquito nets, targeting 187,000 children under the age of five. The campaign also provided children with vitamin A supplements and treatment for intestinal worms. Guinea-Bissau will receive $3.4 million over a period of three years from the Global Fund to Fight AIDS, Tuberculosis and Malaria. In October 2006, UNICEF, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the Ministry of Health launched a paediatric antiretroviral programme for 1,500 children affected by HIV/AIDS. The five-year national strategic plan for HIV/AIDS control was

[3] http://www.eximbankindia.com/locstat07.pdf.

approved in early December 2006. This was followed in January 2007 with the launch of the development of a national health plan for the period 2008-2012 supported by WHO, the United Nations Population Fund (UNFPA) and UNICEF.

26. A number of specific commitments were made by United Nations system entities at the donor round-table conference. The representative of the International Fund for Agricultural Development (IFAD) indicated that the Fund had reactivated its portfolio of $270,000 to support activities to strengthen rural development in 2005 and would present a new rural investment programme to its Board in April 2007.[4] The programme was in line with IFAD support to post-conflict countries and would be implemented over a period of six years. IFAD had also taken the decision, on an exceptional basis, to freeze Guinea-Bissau's debt until the country reached the completion point under the Heavily Indebted Poor Countries Debt Initiative.

27. The representative of the United Nations Industrial Development Organization (UNIDO) reiterated the commitment of the organization to supporting the country in the area of economic growth and employment, particularly in regards to the priority sectors of fisheries, cashew nuts, cotton and fruits and vegetables. UNIDO planned to increase its support to Guinea-Bissau through its regional programme for the countries of the West African Monetary and Economic Union financed by the European Union and would field a mission to the country in 2007 to define its future programme of support.

IV. Highlights of the activities of the Ad Hoc Advisory Group on Guinea-Bissau

28. To encourage strong participation in the donor round-table conference scheduled for early November 2006, a meeting of the Advisory Group was held on 27 September 2006 on the margins of the sixty-first session of the General Assembly. The meeting was open to members of the Group of Friends of Guinea-Bissau and a number of potential new partners for the country. The President of the Economic and Social Council, Ali Hachani, also participated in the meeting. The meeting was chaired by Dumisani Shadrack Kumalo, Permanent Representative of South Africa and Chairman of the Ad Hoc Advisory Group, and briefed by Antonio Isaac Monteiro, Minister for Foreign Affairs of Guinea-Bissau.

29. Mr. Monteiro pointed to a number of economic vulnerabilities that continued to affect the country, including the Government's inability to consistently pay the salaries of civil servants and military officers in a timely fashion and its inability, for financial and capacity reasons, to adequately protect its maritime borders from illegal fishing and drug smuggling. In this context, he urged donors to participate in the donor round-table conference and to finance the institutional capacity-building necessary to bring economic and political stability to Guinea-Bissau. Participants expressed the view that the round-table conference would be a major turning point for the consolidation of peace and development in the country. In this regard, the importance of funding human and institutional capacity, including the administrative, judiciary and legislative sectors, was stressed, as was security sector reform.

[4] http://www.ifad.org/operations/pipeline/pa/gw.htm.

30. The Chairman of the Advisory Group represented the Group at the donor round-table conference, held in Geneva on 7 and 8 November 2006. In his statement to the conference, the Chairman urged donors to pledge resources for the economic recovery and reconstruction of the country. He recalled that Guinea-Bissau was still confronting deep social, economic and security issues of a structural nature. For that reason, the country needed to equip with the tools to address the structural causes of conflict, which in his view, were rooted in the socio-economic conditions of the country. On behalf of the Group, the Chairman also called for strong support for security sector reform as a way of ending the cycle of military intervention in the country and promoting long-term security.

31. Concerned about the deteriorating economic and social situation in the first quarter of 2007, the members of the Advisory Group met on 29 March 2007 to discuss the socio-economic challenges facing the country. The Group was joined in this meeting by representatives from Angola, Cape Verde, the Gambia, Guinea and Senegal, and included representatives of IMF and the World Bank. The Group was briefed by the Minister for Foreign Affairs, Isaac Monteiro, on developments in the country and their impact on prospects for development.

32. The Group welcomed and endorsed the communiqué issued by the International Contact Group on Guinea-Bissau at its second meeting, held in Lisbon on 26 March 2007, and stressed the importance of an orderly political evolution in Guinea-Bissau, in accordance with the procedures and requirements contained in the Constitution. The Group also expressed confidence that Guinea-Bissau will rapidly overcome the present difficulties and, in that regard, was encouraged by the way the situation was evolving. The Group also expressed its willingness to discuss the continuation of the reform programmes with the authorities of Guinea-Bissau, in particular with regard to the administration, defence and security sectors, in order to ensure that Guinea-Bissau was in a position to receive the international assistance it urgently needed. Members of the Group called upon the international community to promptly disburse the pledges that had been made at the donor round-table conference.

V. Short-term priorities and medium-term prospects

33. The most urgent need facing Guinea-Bissau is the disbursement of funds pledged at the 2006 donor round-table conference, in particular the pledges for budgetary support for 2007, including the additional amount now required. Salaries and arrears have not been paid since January 2007, and the country is experiencing political instability and uncertainty. The Advisory Group welcomes the formation of the new Government and its emphasis on national reconciliation and believes that this is an opportunity to strengthen political and institutional stability in the lead-up to the legislative elections to be held in March 2008 and the presidential elections to be held in 2010. The Group is also encouraged by the fact that the new Prime Minister has taken decisive action to increase transparency in the management of public finances, and encourages further action in this regard. Such efforts should help to increase the confidence of donors and lead to the disbursement of the funds pledged at the donor round-table conference.

34. The report of the Group in 2006 pointed to the need for short-term solutions to help the country manage its unsustainable debt. The Government's use of costly

short-term debt to fund recurrent costs such as salaries and arrears, while waiting for the disbursement of budgetary support, adds to the growing debt burden of the country. The debt situation is further complicated by the fact that the failure of the Government to make a scheduled repayment on 31 January 2007 to the African Development Bank has now resulted in the suspension of disbursements from that institution.

35. Another critical short-term need is the implementation of security sector reform. The Advisory Group notes that grievances relating to the Government's inability to pay salaries and arrears to the rank and file of the military, in addition to the poor conditions of the barracks and other inadequate conditions of service, remain. This is a source of grave concern. The Group urges the Government of Guinea-Bissau to finalize its security sector reform action plan for 2007 so that donors will have a framework from which specific areas of need can more readily be identified. In the view of the Group, security sector reform is imperative as a way to consolidate peace, as it would address one of the key structural causes of conflict in the country.

36. Progress over the medium-term requires that funds pledged for the implementation of the national poverty reduction plan be disbursed. So far, none of the pledges made for the implementation of the poverty reduction strategy papers have been received by the Government. That uncertainty in financing undermines the ability of the Government to implement its economic reform programme, continuing the vicious circle of low performance and declining donor assistance. The inability of the country to receive a predictable and adequate amount of resources to ensure the delivery of basic services and to ensure the minimum functioning of the State will continue to contribute to the sense of uncertainty and insecurity.

37. The Advisory Group once again stresses that putting Guinea-Bissau on a path of internally driven, sustainable development will require a comprehensive economic diversification strategy, supported by the international community, including the United Nations system. The Group urges the Government of Guinea-Bissau and the international community to consider beginning an economic diversification, with cashew nuts, the main export crop, which are mostly sold in raw form, reaping minimum returns for farmers and the national economy. Despite being the second largest cashew nut producer in Africa and the fifth largest in the world, only a tiny fraction of the nuts go through the simple but labour-intensive roasting and peeling process that makes them edible and quadruples their export value.[5] Increasing the premium value of the crop would create jobs and spur development. As noted in previous reports of the Group, the country has enormous potential in bauxite, phosphate, diamond, oil, timber, fisheries, husbandry and agriculture, which could easily satisfy internal demand and become a catalyst for economic recovery and reconstruction.

38. Another critical challenge facing the Government of Guinea-Bissau over the past years has been poor management in its public administration. As the Group has previously noted, there has been significant improvement in the management of public funds. The Group is concerned that further progress could be hampered by a lack of technical capacity within the public sector and continues to urge the Bretton

[5] It is worth noting that a kilogram of organic cashews sells for $30 in some developed countries.

Woods institutions, the United Nations system and other multilateral organizations to provide technical assistance to the country in strengthening its public administration. Such a plan is embedded in the poverty reduction strategy plan and should be supported.

VI. Conclusions and recommendations

39. Guinea-Bissau continues to face serious challenges, which should be addressed on an urgent basis if violent conflict is to be avoided. The Advisory Group continues to believe that it is possible to overcome these difficulties and maintain momentum on economic and political reform with the sustained engagement of all partners, old and new. The Group is particularly encouraged that the relatively new multi-party system has been able to resolve political crises within the framework of democratic institutions and the Constitution. The Group strongly encourages the Government of Guinea-Bissau to strengthen its commitment to economic reforms and to full transparency and accountability in the management of public administration. Support from the international community is now urgently needed to help consolidate these gains and to activate a long-overdue process of economic growth. In this connection, the Group points to the commitments made by a number of partners to double aid to Africa over the next 10 years. The Group also takes note of the revitalization of Asia-Africa and South-South cooperation. Additional resources should benefit countries like Guinea-Bissau as a least developed country and a country emerging from conflict.

40. In the light of the recent difficult circumstances in the country, the Advisory Group is of the view that it would be useful to continue to monitor the situation, in particular the close link between emergency economic needs and political instability, and to continue to work with other partners to ensure that there is a comprehensive approach that integrates peace and development. It is clear that the continuing tension and instability in the country have led to the delay in the implementation of the tasks assigned to the Group and that the completion of any of these tasks is dependent on the existence of a stable political and institutional environment, for which the upcoming legislative elections in March 2008 are a prerequisite.

41. The Advisory Group also believes that there is room to further expand its interaction with national authorities and its collaboration with other organizations in support of Guinea-Bissau. As has been noted in previous reports, the regional organizations in Africa have played an important role in the political and financial stabilization of Guinea-Bissau. However, owing to time and resource limitations, the Group did not engage in a systematic exchange of views with national authorities or with regional organizations, including ECOWAS and the Community of Portuguese-Speaking Countries. More systematic consultations with these and other organizations, including regional financial institutions such as the African Development Bank and the Central Bank of West African States, could have further enhanced the Group's contribution. In this connection, the Group welcomes the creation of the International Contact Group for Guinea-Bissau and looks forward to a close working relationship at the global level. The two Groups can benefit from regular interaction. To facilitate this interaction, the Council may wish to consider adding one or two new members to the Ad Hoc Advisory Group, drawn from the Contact Group.

42. In conclusion, the Advisory Group would like to draw the attention of the Council to the importance of a coherent international response to countries in crisis. In this regard, there may be opportunities for the sharing of experiences and views between the Economic and Social Council and the Security Council on the way forward in Guinea-Bissau, with a view to placing it on the agenda of the Peacebuilding Commission, if the country so wishes.